

# HANGANA

## SEAFOOD(Pty)LTD

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CORPORATE BROCHURE





Walvis Bay on the Atlantic coast of Namibia is a long established commercial port and harbour, the gateway to Namibia's 200 mile exclusive economic zone. This sea area is the playground of the shallow and deep water cape hake (*merluccius capensis* and *merluccius paradoxes*), a white fish so much in demand from the food industry across the world that it could easily go the way of the over-fished Atlantic cod. But following independence in 1990 Namibia has taken control over this important national resource in a manner that has become a benchmark for sustainable fishing.

Managing director of Hangana Seafood, Hendrik van der Westhuizen, gives much of the credit for this to Dr Abraham Iyambo, who until earlier this year headed the Ministry of Fisheries and Marine Resources and received numerous awards for the fisheries management system he introduced. "October of every year is a closed period," van der Westhuizen says. "Not a single hake vessel is allowed at sea because this is when they spawn—the entire hake industry's vessels come in for maintenance at that time."

This protects Hangana's raw material: Hangana Seafood has a 15-year exploration right on hake and by-catches, though the tiny amount of other fish it picks up are hardly significant (95 per cent of what is landed is hake, he says). However, the company operates in an unforgiving market: 90 per cent of the product that passes through its ultra-modern wet fish factory at Walvis Bay is exported out of Africa. Recent strain on global economies pushed prices down, and that combined with the strengthening of the rand to which the Namibian dollar is tied, meant that Hangana took a hit in 2009 of something like N\$60 million.

It was uncomfortable, and it called for some serious actions. "We turned our attention back into the business to see if there were any opportunities to eliminate operational inefficiencies in order to cut costs." Fortunately there were a number of things that could be done, and turning round what could have been something of a disaster, in the last six months of 2010 Hangana managed to reduce its operational expenses substantially. "It was a tough challenge, but we did it without having to cut the workforce by a single person," says van der Westhuizen with satisfaction.

The single biggest initiative was to alter the catching strategy of the fleet. This was driven by the market—Hangana's retail value-added product is packaged in the customer's brand and shipped out to Spain, Italy and a host of overseas markets, ready to go onto the supermarket shelves, he explains. "When producing value-added retail products you really need a specific size and quality raw material in order to satisfy the customer demands. But when demand for these products decreases and the balance moves towards the commodity end and 'formed' products, it allows us to change our fishing strategy and target areas we didn't target before."

By introducing a pull strategy right back to raw material, Hangana was able to supply its factory with precisely the right balance of product and in the process achieved significant savings in its landed raw material costs—the beauty of this strategy is that it can be reversed at any given time, and to the extent that the market demands, van der Westhuizen says.

# Hake today

Fishing is an important industry in Namibia but unlike some other fish species, the country's *merluccius capensis* (shallow water hake) and *merluccius paradoxes* (deep water hake) is managed responsibly. Managing director Hendrik van der Westhuizen tells John O'Hanlon how Hangana Seafood (Pty) Ltd remains a sustainable business based on a sustainable resource





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Over this period, two of the eight fishing vessels were kept in harbour, saving further cost—but the most significant change to the fleet itself was that four of the six vessels currently operating have been converted to use IFO (intermediate fuel oil) from Hangana's own N\$32 million blending plant, opened in July 2009. In addition to this the plant has produced and sold blended fuel to the value of N\$1 million.

The reason for building the plant was to save money on the fuel Hangana's ships use but the business has potential to sell up to 2,400,000 litres to third parties. This will be a useful contribution to the bottom line if it happens, but van der Westhuizen will not allow his resources to be diverted from the core business of catching and processing hake; and in any case, the restrictions of the depth at the business's dock would have to be overcome first. At present it is not deep enough to accommodate the 800,000 litre barges that are interested in buying IFO from Hangana.

The fishing industry measures its catch efficiency by something called catch per unit of fishing effort (CPUE). The cost saving initiatives of the past year, including conversion of the fleet to use cheaper fuel, has increased this rating by something like 25 per cent, van der Westhuizen says. "To put it in context, we have saved the equivalent cost of two vessels."

Hangana Seafood is already seeing some return to normality in the market, and having come

through a challenging period, van der Westhuizen is bullish about what lies ahead. "We are busy with very exciting things this year, working towards our 2017 vision when we want this company to be a fully fledged FMCG company, so there is a lot of preparation for that." He wants to take the product portfolio to the next level by producing progressively more value-added elements to the fish, in the end making entire ready meals both under the customers' brands and Hangana's own.

With more competitors entering the market it will be important to keep ahead in innovation and new products, but it will be hard for a new entrant to match the relationship Hangana has with its customers for whom it is producing primary product. And Hangana has already started thinking seriously about developing and marketing its own brand, which will be trialled in Namibia and South Africa before launching onto the international scene.

Many people still think of Namibia as a bit of a backwater, and that frustrates van der Westhuizen, who would love to show them the capabilities and competencies of the Namibian fishing industry. "Whenever clients visit us in Walvis Bay Namibia, they are really surprised at the magnitude and sophistication of our business and the competencies of the Namibian hake industry," he concludes. [www.hangana.com](http://www.hangana.com)



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